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SOUTH DFAULT MINES LIMITED

Annual Report

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For the year ended December 31, 1965

SOUTH DFAULT MINES LIMITED

(NO PERSONAL LIABILITY)

TORONTO 1, ONT.

Room 324 - 12 Richmond St. East,
368 4651

ANNUAL REPORT

For the year ended December 31st. 1965

To the Shareholders:

During the year 1965 no work was done on the Company's 34-claim group in the Noranda area, which has been kept in good standing.

Falconbridge Nickel Mines Ltd. has been exploring the property of D'Eldona Gold Mines Ltd., which adjoins our ground on the west. Although diamond drilling has recently been suspended on the D'Eldona ground, probing of the mineralized zone from the original underground workings is contemplated. If this exploration is rewarding, financing for further development of South Dufault should be possible, which has not been the case to date.

Enclosed herewith are the Company's Financial Statements for the year ended December 31st., 1965.

If you are unable to attend the Annual Meeting we would appreciate receiving your proxy.

Respectfully submitted,

May 20th. 1966

J. L. Jowsey,
President



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MONTREAL
TORONTO
WINNIPEG
VANCOUVER

OTTAWA
CHATHAM
CALGARY

GUNN, ROBERTS AND Co.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of South Dufault Mines Limited (No Personal Liability) as at December 31, 1965 and the statement of exploration and administrative expenditures deferred for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statement of exploration and administrative expenditures deferred are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1965 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 1, 1966

GUNN, ROBERTS and CO.

Chartered Accountants.

SOUTH DUFAULT MINES LIMITED
(No Personal Liability)
Incorporated under the laws of the Province of Quebec

BALANCE SHEET

December 31, 1965

ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Guaranteed investment certificates at cost	\$ 20,000.00	Bank overdraft	\$ 289.79
Interest accrued	<u>22.93</u>	Accounts payable and accrued liabilities	<u>735.00</u>
	\$ 20,022.93		\$ 1,024.79
SHARES IN OTHER COMPANIES, at cost less amounts written off (quoted market value \$9,900 - see schedule)		CAPITAL STOCK AND DEFICIT	
	11,594.77	Capital stock	
		Authorized - 6,000,000 shares of \$1 each	
MINING CLAIMS		Issued -	
Claims held under development licenses in the Townships of Rouyn and Dufresnoy, Quebec, acquired in consideration for 1,000,000 shares issued at 10¢ per share and \$10,070 cash	110,070.00	4,997,000 shares at January 1, 1965	\$4,997,000.00
		Less discount	<u>4,366,516.00</u>
		146,470 shares in 1965 for exploration expenditures	630,484.00
		Less discount	<u>146,470.00</u>
		5,143,470 shares	<u>124,499.50</u>
OTHER ASSETS AND DEFERRED CHARGES			21,970.50
Exploration and administrative expenditures	484,615.05		652,454.50
Equipment at cost	<u>527.57</u>		<u>26,648.97</u>
	485,142.62		625,805.53
			<u>\$626,830.32</u>
			<u>\$626,830.32</u>

Approved on behalf of the Board:

R. J. MacIsaac Director
W. J. MacIsaac Director

SOUTH DUFAULT MINES LIMITED
(No Personal Liability)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED
For the year ended December 31, 1965

Exploration

Rouyn and Dufresney Townships, Quebec		
Engineer's salary	\$1,000.00	
Development licenses	510.00	
General property expenses	<u>100.00</u>	\$ 1,610.00

Administrative and General

Administrative salaries	1,200.00	
Stenographic and accounting service	708.00	
Rent	518.00	
Stock exchange filing fee	100.00	
Annual meeting expenses	118.07	
Transfer agent's fees and disbursements	384.30	
Legal and audit fees	820.00	
Telephone and telegraph	221.69	
Filing fees for prospectus	200.00	
Other corporate expenses	<u>173.94</u>	<u>4,444.00</u>
		6,054.00

Deduct interest income	<u>1,201.84</u>
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Expenditures (net) for the year	4,852.16
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Balance deferred at January 1, 1965	<u>479,762.89</u>
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Balance deferred at December 31, 1965	<u>\$484,615.05</u>
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SOUTH DUFAULT MINES LIMITED
(No Personal Liability)

SHARES IN OTHER COMPANIES

December 31, 1965

	<u>Quoted Market Value</u>
100,000 Donrand Mines Limited (including 36,000 shares in escrow)	-
35,000 Goldyke Mines Limited	-
18,000 R. J. Jowsey Mining Company Limited	\$9,900
41,892 Lyndhurst Mining Company Limited, in escrow	-
	<u>\$9,900</u>

